

RECIPROCAL TRADE: QUANTITATIVE IMPORT RESTRICTIONS

*Exchange of aide memoire and supplementary exchange of letters at
Washington June 24, 1947, modifying agreement of May 25, 1935
Entered into force June 24, 1947; operative July 1, 1947
Modified by agreements of February 11, 1948;¹ June 12, 1948;² and
June 27, 1949³
Terminated April 30, 1950⁴*

61 Stat. 3745; Treaties and Other
International Acts Series 1711

The Swedish Legation to the Department of State

LEGATION OF SWEDEN
WASHINGTON, D.C.

AIDE-MEMOIRE

The Government of Sweden wishes to refer to the discussions which have recently taken place between its representatives and representatives of the Government of the United States of America, concerning the problems, in relation to the Commercial Agreement between the United States of America and Sweden of May 25, 1935,⁵ which have arisen as a result of the imposition of quantitative import restrictions by the Swedish Government on March 15, 1947.

1. During the course of these discussions the Swedish representatives have presented extensive information setting forth the serious reduction in Sweden's reserves of gold and foreign exchange, and the resulting necessity of imposing measures of control for the purpose of correcting this situation.

2. With respect to goods en route or on order at the time of the imposition of quantitative import restrictions on March 15, 1947, the Government of Sweden, after consultation with the United States Government, has announced that licenses will be granted for the import of all commodities which were placed under import restrictions on that date, provided that the Swedish importer when applying for an import license establishes the following facts:

¹ TIAS 1712, *post*, p. 846.

² TIAS 1800, *post*, p. 850.

³ TIAS 1953, *post*, p. 866.

⁴ Date on which Sweden became a contracting party to the General Agreement on Tariffs and Trade (TIAS 1700, *ante*, vol. 4, p. 639).

⁵ EAS 79, *ante*, p. 799.

- a. that a bona fide contract contemplating delivery prior to October 1, 1947 had been entered into, on or before March 15, 1947, and
- b. that the delivery in Sweden of the goods mentioned in the contract will be effected before October 1, 1947.

3. The Government of Sweden brings to the notice of the United States Government the statement of its support of the principle of unrestricted, multilateral trade on the basis of free competition and of those policies which have for their purpose the encouragement of this principle, recently made in the official communique of May 12, 1947, regarding discussions between the Ministers of Foreign Affairs and other representatives of the Governments of Denmark, Norway and Sweden. The Swedish Government has officially announced its desire that the quantitative restrictions upon imports, imposed by it on March 15, 1947, shall be of as short duration as possible. The Swedish Government also brings to the notice of the United States Government the Government Bill of May 30, 1947, in which it indicated its desire, due consideration being given to existing trade agreements, to see an expansion of the volume and a development of the direction of Swedish exports serving to redress Sweden's international balance of payments at the earliest possible date. The Swedish Government has not at present any undertaking, and does not propose to enter into undertakings, that specific commodities will be delivered to specific countries unless such a policy should form part of a fair allocation among all importing countries of essential commodities in short supply.

4. During the period while the quantitative import restrictions remain in force, the Government of Sweden, which has taken note of the fact that the Government of the United States of America does not in relation to Sweden restrict the free disposition of dollar earnings or assets, except as provided for in the exchange of letters of March 18 and 25, 1947⁶ establishing the procedure for unblocking of Swedish assets in the United States, will continue to authorize all current payments, including payments for imports and the transfer of earnings and remittances, and will limit such control of foreign exchange as it may become necessary to maintain to the control of international capital movements.⁷

5. During the period while the quantitative restrictions upon imports remain in force the Government of Sweden when administering the controls will observe the following principles:

- a. Commodities will be licensed without regard to the country of origin, except as stated below.
- b. In those instances where, during the period covered by the present arrangements, the above licensing principle would exert a restrictive in-

⁶ Not printed.

⁷ See also exchange of letters, p. 840. For a modification of para. 4, see agreement of Feb. 11, 1948 (TIAS 1712), *post*, p. 846.

fluence on the overall volume of international trade by reducing imports from areas experiencing a serious shortage of gold and/or convertible currencies in a way which would not improve Sweden's multilateral payments possibilities, Sweden in granting import licenses may take into consideration the special payments possibilities which may exist between Sweden and the country of origin.

c. Licenses will, unless otherwise agreed, be granted permitting the importation of commodities from the United States listed in Schedule I⁸ of the Commercial Agreement between the United States of America and Sweden of 1935, and not on the unrestricted list, to an amount, for the period from January 1, 1947 to June 30, 1948, equivalent to not less than 150% of the volume of like imports from the United States during 1946.

d. No commodity or class of commodities imported from the United States during the operation of the Commercial Agreement between the United States of America and Sweden of 1935 shall be entirely excluded.

e. No commodity now on the unrestricted list and imported from the United States during the operation of the Commercial Agreement between the United States of America and Sweden of 1935 shall be removed from that list without equitable transitional arrangements having been provided.

6. The Government of Sweden will place in operation as of July 1, 1947 the system of administering the import controls envisaged in this aide-memoire.

7. The Government of Sweden recognizes that the Commercial Agreement between the United States of America and Sweden of 1935 remains in full force and effect, save for those temporary modifications in its operation provided for in this exchange of memoranda.

8. If unforeseen developments require a temporary modification in the terms of the understanding embodied in this exchange of memoranda, and in any event before the expiration of this understanding on June 30, 1948, the Government of Sweden agrees to review the situation with the Government of the United States of America for the purpose of considering such action as the circumstances may demand.

WASHINGTON, D.C., *June 24, 1947*

H. E.

The Department of State to the Swedish Legation

AIDE-MEMOIRE

The Government of the United States of America refers to the aide-memoire of the Government of Sweden, dated June 24, 1947, concerning

⁸ For schedules, see 49 Stat. 3768 or p. 14 of EAS 79.

the problems, in relation to the Commercial Agreement between the United States of America and Sweden of May 25, 1935, which have arisen as a result of the imposition of quantitative import restrictions by the Swedish Government on March 15, 1947. The Government of the United States of America:

1. Takes note of the extensive information presented by the representatives of the Swedish Government with respect to the serious reduction in Sweden's reserves of gold and convertible exchange indicating the necessity of imposing measures to correct this situation;

2. Acknowledges the declaration made by the Government of Sweden of its adherence to the principle of unrestricted, multilateral trade on the basis of free competition, and takes note of the desire of the Swedish Government that the quantitative restrictions upon imports imposed by it on March 15, 1947 shall be of as short duration as possible;

3. Takes note of the statements of the Government of Sweden with respect to the administration of the quantitative import restrictions;

4. Agrees for the duration of the present arrangement not to invoke the provisions of Articles II and VII of the Commercial Agreement between the United States of America and Sweden of 1935, in respect of the measures taken or to be taken by the Government of Sweden as set forth in its aide-memoire;

5. Recognizes that the Commercial Agreement between the United States of America and Sweden of 1935 remains in full force and effect, save for those temporary modifications in its operation provided for in this exchange of memoranda;

6. Agrees to review the situation with the Government of Sweden prior to July 1, 1948 for the purpose of considering such action as the circumstances may demand.

DEPARTMENT OF STATE

Washington, June 24, 1947

The Swedish Minister to the Assistant Secretary of State for Economic Affairs

LEGATION OF SWEDEN
WASHINGTON, D.C.

JUNE 24, 1947

MY DEAR MR. SECRETARY:

In connection with the discussions which have recently taken place between representatives of the Government of Sweden and of the Government of the United States concerning the problems arising as a result of the imposition of quantitative import restrictions by the Swedish Government on March 15,

1947, the Government of Sweden transmitted a memorandum to the Government of the United States on June 24, 1947, which stated in part:

"The Government of Sweden . . . will continue to authorize all current payments, including payments for imports and the transfer of earnings and remittances and will limit such control of foreign exchange as it may become necessary to maintain to the control of international capital movements."

In applying the principles set forth in this memorandum the Swedish Government agrees to make the registration and control of foreign exchange and the restriction of capital movements subject to the following conditions:

a. The Swedish Government will not impose restrictions on current transactions additional to those now in use and thus will continue to authorize current payments of a customary nature from Sweden to the United States (payment of profits, dividends, interest, royalties, payments for commercial purposes and other payments relating to current business provided that the underlying transactions, wherever necessary, have been duly authorized (including balances accrued from the same sources in the past)). With regard to balances accumulated from the same sources in the past, transfer will be authorized unless the funds in question have been voluntarily invested in Sweden. The appropriate agencies of the Swedish Government, moreover, will examine carefully with due regard to the Swedish exchange position requests for transfers of capital from Sweden to the United States when transfers of that type might serve a useful commercial and economic purpose, and where transfers of small amounts are of substantial importance to the interested parties. They will examine in the same spirit requests for transfers of funds to the United States filed by American nationals residing in Sweden.

b. The Swedish Government or the appropriate agencies thereof will likewise continue to authorize persons residing in Sweden who without having violated Swedish law owe bona fide dollar obligations to any governmental agency, individual or firm in the United States, to discharge such obligations when they are due, and if necessary, it will authorize such persons to purchase dollars for that purpose.

If unforeseen circumstances require temporary modification of the principles set forth above, the Government of Sweden, in accordance with the provisions of its memorandum of June 24, 1947, will review the situation with the Government of the United States.

Sincerely,

HERMAN ERIKSSON,

MR. WILLARD L. THORP
Assistant Secretary for Economic Affairs
Department of State
Washington, D.C.

*The Assistant Secretary of State for Economic Affairs to the Swedish
Minister*

DEPARTMENT OF STATE

WASHINGTON

June 24, 1947

MY DEAR MR. MINISTER:

I am pleased to have received your letter of June 24, 1947, setting forth the policies which the Swedish Government will follow in accomplishing the registration and control of foreign exchange and the restriction of capital movements.

I take pleasure in stating that the provisions of this letter are acceptable to the Government of the United States.

Sincerely yours,

WILLARD L. THORP

The Honorable

HERMAN ERIKSSON

Minister of Sweden